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Dominican Republic

Grain and Feed

Wheat Consumption Update

2004

Approved by:
David G. Salmon
Dominican Republic

Prepared by:
Carlos G. Suarez

Report Highlights:
Dominican Republic is a net wheat importer due to climatic limitations. Most imports are from the United States because of quality and price, except occacional shipments from Canada. Imports decreased in MY 2002 and again in MY 2003 due to high international prices and weakening of the Dominican peso.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Santo Domingo [DR1]
[DR]

The Dominican Republic (DR) does not produce wheat due to climatic limitations. As a result practically all wheat is imported from the United States, because of quality, proximity and price. As a non-producing country with limited resources, its import pattern tends to vary somewhat according to the individual varieties of wheat required. During the last year import pattern has been: DNS-14 or equivalent: 50 percent; HRW: 26 percent; SRW; 17 percent and Durum: 7 percent.

International prices have recently moved to the highest level in the last five years and towards the all time high achieved during the late eighties. These new prices, along with the current economic crisis in the DR, have inevitably have lead to lower consumption levels in the Dominican market. Dominican millers anticipate a 20 percent reduction in demand for MY 2003 (July/June). Expectations for the out year are not optimistic, although MY 2004 requirements are anticipated to remain at the same levels as in MY 2003.

All imports in MY 2001 originated from the United States. In spite of the quality and price of the U.S. products, some DNS equivalent from Canada entered the Dominican market in MY 2002 and 2003. Slightly over 7,000 metric tons (MT) arrived in MY 2002 and an additional 12,000 MT in MY 2003. Expectations for the out year are difficult to anticipate at this time.

The ongoing financial and economic crisis that began in April 2003 has led to a sharp weakening in the value of the Dominican peso, which dropped RD$17 per U.S. dollar in early 2003 to RD$45 currently. The weak local currency forced higher wheat prices and pushed bread prices up over thirty percent at the end of MY 2002 and the first half of MY 2003.

Domestic bread prices have continued an upward trend in 2004. In February 2004 the retail prices for bread had increased by almost 50 percent from pre-crisis levels. Overall the wholesale price for wheat flour increased three hundred percent (RD$420 [US$23.33] to RD$1,500 [US$30.00] per 120 lb. bag) in the past 20 months. With the current price trend, processors anticipate an additional 10 percent hike in wheat flour, before the end of MY 2003. Price expectations for MY 2004 do not anticipated an increase in consumption.

Other wheat product imports are minimal. Wheat flour imports averaged about 390/year (down from 1,500 five years ago) over the last three years and minimal quantities of Bulgur wheat were imported during the same period.

The Dominican Republic does not subsidize or restrict the trade of wheat. However, the government prefers that all trade be conducted through a registered Dominican agent. No objection import permits are readily available through the Secretariat of Agriculture. There was a fifteen percent basic tax on wheat imports and it was reduced to 0 in 2001. As a basic food item, wheat flour pays no Value Added Tax but has a temporary 10 percent foreign exchange surcharge.

STATISTICAL DATA

PSD Table

Country **Dominican Republic**

Commodity **Wheat**

(1000 HA)(1000 MT)

	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [New]	
Market Year Begin		07/2002		07/2003		07/2004	MM/YYYY
Area Harvested	0	0	0	0	0	0	(1000 HA)
Beginning Stocks	20	20	20	20	20	20	(1000 MT)
Production	0	0	0	0	0	0	(1000 MT)
TOTAL Mkt. Yr. Imports	265	260	350	250	0	240	(1000 MT)
Jul-Jun Imports	265	260	350	250	0	240	(1000 MT)
Jul-Jun Import U.S.	248	253	0	239	0	230	(1000 MT)
TOTAL SUPPLY	285	280	370	270	20	260	(1000 MT)
TOTAL Mkt. Yr. Exports	0	0	0	0	0	0	(1000 MT)
Jul-Jun Exports	0	0	0	0	0	0	(1000 MT)
Feed Dom. Consumption	0	0	0	0	0	0	(1000 MT)
TOTAL Dom. Consumpti	265	260	350	250	0	240	(1000 MT)
Ending Stocks	20	20	20	20	0	20	(1000 MT)
TOTAL DISTRIBUTION	285	280	370	270	0	260	(1000 MT)